

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA
(UNAUDITED)**

TWELVE MONTHS ENDED SEPTEMBER 30, 2013

Mike Estes, P.C.
A Professional Accounting Corporation

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AUDIT QUALITY CENTER

Independent Accountant's Review Report

Board of Commissioners
Housing Authority of Lake Arthur
Lake Arthur, Louisiana

We have reviewed the accompanying financial statements of the Housing Authority of Lake Arthur, Louisiana as of and for the year ended September 30, 2013, which collectively comprise the Housing Authority of Lake Arthur, Louisiana's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Housing Authority of Lake Arthur, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Housing Authority of Lake Arthur, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operations, economic, or historical context.

The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

We have also performed agreed-upon procedures for the year ended September 30, 2013, all included therein.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
March 17, 2014

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 128,943
Accounts receivable net	3,539
Prepaid items and other assets	10,528
Inventory	3,764
Restricted assets - cash and cash equivalents	11,687

Total Current Assets	158,461
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Capital Assets, net

Land and other non-depreciated assets	19,151
Other capital assets - net of depreciation	563,820

Total Capital Assets, net	582,971
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Total Assets	\$ 741,432
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LIABILITIES

Current Liabilities

Accounts payable	\$ 11,865
Unearned income	7,183
Compensated absences payable	2,153
Accrued PILOT	7,723
Deposits due others	11,686

Total Current Liabilities	40,610
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Noncurrent Liabilities

Compensated absences payable	1,442
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Total Liabilities	42,052
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NET POSITION

Net investment in capital assets	582,971
Unrestricted	116,409

Net Position	699,380
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See accompanying notes and independent accountant's review report.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED SEPTEMBER 30, 2013

OPERATING REVENUES

Dwelling rental	\$ 86,402
Governmental operating grants	122,036
Other	12,437
Total Operating Revenues	<u>220,875</u>

OPERATING EXPENSES

Administration	93,582
Tenant services	39
Utilities	19,367
Ordinary maintenance & operations	86,092
General expenses	45,565
Depreciation	86,162
Total Operating Expenses	<u>330,807</u>

Income (Loss) from Operations	<u>(109,932)</u>
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Non Operating Revenues (Expenses)

Interest earnings	8
Total Non-Operating Revenues (Expenses)	<u>8</u>

Income (Loss) before contribution	(109,924)
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Capital Contribution	20,868
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Change in net position	<u>(89,056)</u>
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Total net position - beginning unadjusted	765,974
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Prior period - adjustment	22,462
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Total net position - beginning adjusted	<u>788,436</u>
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Total net position - ending	<u><u>\$ 699,380</u></u>
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See accompanying notes and independent accountant's review report.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2013

**CASH FLOWS FROM
OPERATING ACTIVITIES**

Rental receipts	\$ 70,065
Other receipts	20,055
Federal grants	144,498
Payments to vendors	(139,999)
Payments to employees – net	(87,129)
	<hr/>
Net cash provided (used) by operating activities	7,490
	<hr/>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(20,868)
Federal Capital Grants	20,868
	<hr/>
Net cash provided (used) by capital and related financing activities	0
	<hr/>

**CASH FLOWS FROM INVESTING
ACTIVITIES**

Interest income	6
	<hr/>
Net cash provided (used) by investing activities	6
	<hr/>

**NET INCREASE (DECREASE) IN
CASH AND CASH EQUIVALENTS**

7,496

CASH AND CASH EQUIVALENTS

Beginning of Fiscal Year	133,134
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CASH AND CASH EQUIVALENTS

End of Fiscal Year	\$ 140,630
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Continued

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2013

**RECONCILIATION OF OPERATING
INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING
ACTIVITIES**

Operating income (loss)	\$ (109,932)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Prior period adjustment	22,462
Depreciation Expense	86,162
Provision of uncollectible accounts	1,396
Change in assets and liabilities:	
Receivables	(4,625)
Inventories	665
Prepaid items	6,754
Account payable and payable to others	6,832
Accrued compensated absences	(13,739)
Unearned income	4,239
Deposits due others	441
Accrued PILOT	6,835
Net cash provided (used) by operations	\$ <u>7,490</u>

Concluded

See accompanying notes and independent accountant's review report.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Lake Arthur have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES In June 2011, the Governmental Accounting Standards Board [GASB] issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and includes five components-assets, deferred outflows of resources [none applies to this entity this year], liabilities, deferred inflows of resources [none applies to this entity this year], and a residual amount, referred to as the net position. The provisions of this Statement are now effective and apply to these financial statements.

In March 2012, GASB issued Statement 65, Items Previously Reported as Assets and Liabilities, which expands account classifications that are affected by GASB 63. Although GASB 65 is effective for years ended December 31, 2013 and after, the Authority is implementing this standard early, as allowed, for the current year end.

B. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Lake Arthur, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 1192	49
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

The Housing Authority is a related organization of the City of Lake Arthur since the City of Lake Arthur appoints a voting majority of the Housing Authority's governing board. The City of Lake Arthur is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Lake Arthur. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Lake Arthur.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

C. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$140,630. This is comprised of cash and cash equivalents of \$128,943 and restricted assets – cash of \$11,687, on the statement of net position.

F. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

G. REVENUE RECOGNITION Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

H. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

I. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live is management’s estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-40 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

K. UNEARNED INCOME The Housing Authority reports prepaid revenues on its statement of net position. Prepaid revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

L. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

M. POST EMPLOYMENT BENEFITS The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

N. NET POSITION AND FLOW ASSUMPTIONS Net position is reported as restricted when constraints are placed on net position use as either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

O. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2013. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Restricted Cash: \$11,687 is restricted in the General Fund for security deposits.

At September 30, 2013, the Housing Authority's carrying amount of deposits was \$140,430 and the bank balance was \$139,359. Petty cash consists of \$200. The entire bank balance of \$140,430 bank balance was covered by FDIC Insurance.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2013, are as follows:

<u>Class of Receivables</u>	
Local sources:	
Tenants	\$ 83
Other	3,456
	<hr/>
Total	\$ 3,539
	<hr/>

The tenants account receivable is net of an allowance for doubtful accounts of \$10,879.

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land and buildings	\$ 19,151	\$ 0	\$ 0	\$ 19,151
Construction in progress	106,864	0	106,864	0
Depreciable assets:				
Buildings	2,741,418	127,732	0	2,869,150
Furniture and equipment	139,993	0	0	139,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	3,007,426	127,732	106,864	3,028,294
	<hr/>	<hr/>	<hr/>	<hr/>
Less: accumulated depreciation				
Buildings	2,261,095	74,035	0	2,335,130
Furniture and equipment	98,068	12,125	0	110,193
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated deprecation	2,359,163	86,160	0	2,445,323
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, net	\$ 648,263	\$ 41,572	\$ 106,864	\$ 582,971
	<hr/>	<hr/>	<hr/>	<hr/>

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 5 – ACCOUNTS PAYABLE The payables at September 30, 2013 are as follows:

Vendors	\$	7,401
Payroll taxes & Retirement withheld		2,879
Utilities		1,585
Total	\$	<u>11,865</u>

NOTE 6 – COMPENSATED ABSENCES At September 30, 2013, employees of the Housing Authority have accumulated and vested \$3,595 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 7 – LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended September 30, 2013.

		Compensated Absences
Balance, beginning	\$	3,154
Additions		3,017
Deletions		<u>(2,576)</u>
Balance, ending		<u>3,595</u>
Amounts due in one year	\$	<u>1,442</u>

NOTE 8 – RETIREMENT SYSTEM The Housing Authority has terminated its Retirement Plan.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Commitments

On February 7, 2011, the Authority entered into an Employment agreement with the Executive Director. The agreement is for five years. The agreement may be renewed for an additional five years, upon approval by the Board of Commissioners. However, the agreement may be terminated sooner, by either party.

The Board must give due notice and follow certain procedures to terminate the Executive Director for cause. In such event, the Executive Director must be paid salary earned through termination, plus accrued annual leave and other benefits.

The Board may also terminate the Executive Director without cause, when in its judgment; such termination is in the best interest of the Authority. In such event the Director is to be paid the remaining salary for the unexpired portion of the five year contract, plus accrued annual leave and other benefits.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at September 30, 2013. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that it s own claim would be unpaid.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 10 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$142,904 to the Housing Authority, which represents approximately 59% of the Housing Authority's total revenue and capital contributions for the year

NOTE 11 – SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net assets sheet date through the date of the independent accountant's report, March 17, 2014, for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS An adjustment of \$22,462 was necessary to correct an accounting error made in the prior year. The adjusted September 30, 2013 Loss from Operations was \$7,541.

SUPPLEMENTARY INFORMATION

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AUDIT QUALITY CENTER

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of Lake Arthur
Lake Arthur, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Housing Authority of the City of Lake Arthur, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about compliance with certain laws and regulations during the year ended September 30, 2013 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures for contracting exceeded \$5,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on October 10, 2012 which indicated that the budget had been adopted by the commissioners by unanimous consensus.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were within 5% of budgeted amounts. Expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select a minimum of 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the twenty selected disbursements (excluding payroll that was also reviewed) and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection documentation supporting each of the twenty selected disbursements indicated approvals from the Executive Director and the chairman of the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Housing Authority of the City of Lake Arthur is only required to post a notice of each meeting and the accompanying agenda on the door of the PHA's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

A reading of the minutes of the Authority for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated February 18, 2013, did not include any comments or unresolved matters.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
March 17, 2014

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2013

Prior Findings

None

Current Findings

None

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
STATEMENT OF MODERNIZATION COSTS – UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2013

CASH BASIS

	2010 Capital Fund	2011 Capital Fund	2012 Capital Fund
Funds approved	\$ 82,556	\$ 63,481	\$ 58,762
Funds expended	82,556	63,481	58,762
Excess of funds approved	\$ 0	\$ 0	\$ 0
Funds advanced	\$ 82,556	\$ 63,481	\$ 58,762
Funds expended	82,556	63,481	58,762
Excess (Deficiency) of funds	\$ 0	\$ 0	\$ 0

See independent accountant's review report.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2013

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 112,240
Capital Fund Program	14.872	30,664
Total United States Department of Housing and Urban Development		\$ 142,904
Total Expenditures of Federal Awards		\$ 142,904

See independent accountant's review report.

HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Lake Arthur, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Federal Sources</u>
Enterprise Funds	
Governmental operating grants	\$ 122,036
Capital contributions	20,868
	<hr/>
Total	\$ 142,904
	<hr/>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

See independent accountant's review report.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

March 17, 2014 (Date Transmitted)

Mike Estes, P.C.

4200 Airport Freeway, Suite 100

Fort Worth, Texas 76117

Auditors)

In connection with your compilation of our financial statements as of September 30, 2013 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 17, 2014.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LAS-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Page 2 of 2

We have had our financial statements audited or compiled in accordance with LAS-RS 24:513.
Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Jessie H. Johnson Executive Director March 17, 2014 Date

